



CITY OF LODI

COUNCIL COMMUNICATION

AGENDA TITLE: Personal Services Contract with R.W. Beck and Associates to Assist the Electric Utility Department in Long-Range Competitive Planning

MEETING DATE: September 18, 1996

SUBMITTED BY: Electric Utility Director

RECOMMENDED ACTION: That the City Council adopt the attached Resolution authorizing the Electric Utility Director to enter a personal services contract with R.W. Beck and Associates to assist the Electric Utility Department in long-range competitive planning.

BACKGROUND: As the electric utility industry progresses down the path of service competition, the City of Lodi's Electric Utility Department will face numerous business risks and opportunities.

The only way to mitigate risk and take advantage of opportunity is to plan ahead with the objective of appropriately positioning ourselves in terms of operations, finances and service.

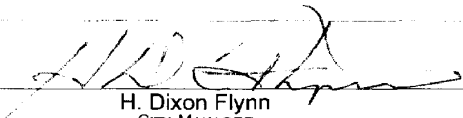
The Electric Utility Department has already taken numerous steps to address the challenges of a competitive business environment. These steps include a top down evaluation of our organizational structure which resulted in a fundamental reorganization. We have also implemented measures which have significantly increased operational efficiency. The bottom line is that we believe we have an organizational structure which is properly positioned to address future competitive risks and opportunities. Now is the time to address future challenges in an aggressive, thorough, well planned fashion.

R.W. Beck and Associates is one of the preeminent consulting firms in the electric utility industry. The personal services arrangement contemplated will include, on a task-by-task basis:

- An assessment of our current competitive posture relative to the changing utility environment.
- Recommendations of appropriate measures to take now to better position ourselves for competition.
- A scenario analysis of likely competitive outcomes well into the next century.

R.W. Beck and Associates will be primarily supplying technical support and expertise to Electric Utility Department staff on a temporary basis and will supplement planning efforts which are already underway. In a manner of speaking, they will be a temporary addition to the Electric Utility Department's existing technical staff.

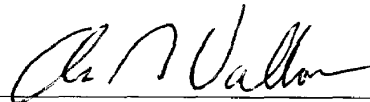
APPROVED


H. Dixon Flynn
CITY MANAGER

September 11, 1996

The final product will be a report which focuses on current and future actions required to be taken to meet and capitalize on challenges and opportunities through the year 2010. The City's Electric Utility Director will personally oversee and direct the activities associated with this contract. We expect a final product by mid-November 1996. Certain aspects of the report will need to be discussed "along the way" when fundamental City policy issues are involved.

FUNDING: Estimate \$50,000 - Electric Utility Operating Reserve

A handwritten signature in black ink, appearing to read "Alan N. Vallow", is written over a horizontal line.

Alan N. Vallow
Electric Utility Director

Prepared by Alan N. Vallow, Electric Utility Director
ANV/pn

cc: City Attorney

RESOLUTION NO. 96-133

A RESOLUTION OF THE LODI CITY COUNCIL
AUTHORIZING THE ELECTRIC UTILITY DIRECTOR TO ENTER A PERSONAL
SERVICES CONTRACT WITH R. W. BECK & ASSOCIATES TO ASSIST THE
ELECTRIC UTILITY DEPARTMENT IN LONG-RANGE COMPETITIVE
PLANNING, AND FURTHER AUTHORIZING THE ELECTRIC UTILITY
DIRECTOR TO EXECUTE THE CONTRACT ON BEHALF OF THE CITY OF LODI

BE IT RESOLVED that the Lodi City Council does hereby authorize the Electric
Utility Director to enter a personal services contract with R. W. Beck & Associates to
assist the Electric Utility Department in long-range competitive planning; and

BE IT FURTHER RESOLVED that the Lodi City Council does hereby authorize
the Electric Utility Director to execute the contract on behalf of the City of Lodi.

Dated: September 18, 1996


I hereby certify that Resolution No. 96-133 was passed and adopted by the City
Council of the City of Lodi in a regular meeting held September 18, 1996 by the
following vote:

AYES: Council Members - Davenport, Mann, Pennino, Sieglock
and Warner (Mayor)

NOES: Council Members - None

ABSENT: Council Members - None

ABSTAIN: Council Members - None


JENNIFER M. PERRIN
City Clerk